

SECOND REGULAR SESSION

# HOUSE BILL NO. 2154

98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE LAFAVER.

5817H.011

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating solely to the creation of an earned income tax credit.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.760, to read as follows:

**135.760. 1. This section shall be known and may be cited as the "Missouri Earned Income Tax Credit Act".**

**2. For all tax years beginning on or after January 1, 2016, a resident individual who is allowed a federal earned income tax credit under Section 32 of the Internal Revenue Code of 1986, as amended, shall be allowed a credit against the tax otherwise due under chapter 143, not including sections 143.191 to 143.265, in an amount equal to five percent of the allowable federal earned income tax credit. The tax credit allowed under this section shall be claimed by such individual at the time such individual files a return and shall be applied against the income tax liability imposed by chapter 143 after reduction for all other credits allowed thereon. For individuals whose filing status is married filing separately, such individuals may elect to apply the tax credit to the income tax liability of either individual or may elect to apply the tax credit evenly to the income tax liability of each spouse. If the amount of the credit exceeds the individual's tax liability, the difference shall be refunded to the individual.**

**3. Notwithstanding the provision of subsection 4 of section 32.057, the department of revenue shall determine whether any individual filing a report or return with the department of revenue who has not applied for the credit allowed under this section may**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 qualify for the credit. The department shall notify any qualified individual of the  
19 individual's potential eligibility if such potential eligibility exists. In making a  
20 determination of eligibility under this section, the department shall use any appropriate  
21 and available data including, but not limited to, data available from the Internal Revenue  
22 Service, the United States Department of Treasury, and state income tax returns from  
23 previous tax years.

24 4. The department of revenue shall prepare an annual report containing statistical  
25 information regarding the tax credits issued under this section in the previous tax year,  
26 including the total amount of revenue expended on the earned income tax credit, the  
27 number of credits claimed, and the average value of the credits issued to individuals whose  
28 earned income falls within various income ranges determined by the department.

29 5. The department of revenue shall contract with one or more nonprofit groups to  
30 provide notice of the earned income tax credit to eligible individuals. The nonprofit group  
31 shall provide evidence to the department of its effectiveness; its connections with the  
32 community in which it operates; and its ability to contact individuals who are unlikely to  
33 claim the federal earned income tax credit, including, but not limited to, non-English  
34 speakers, the elderly, tenants, and very low-income individuals who are unlikely to file tax  
35 returns annually. The department shall give preference to nonprofit groups with members  
36 in low- and moderate-income areas, nonprofit groups whose board of directors consists of  
37 at least fifty-one percent of individuals who have low- to moderate-incomes and who are  
38 residents of targeted communities, and nonprofit groups that have a record of effective  
39 door-to-door outreach for similar community projects.

40 6. The department shall promulgate rules to implement the provisions of this  
41 section. Any rule or portion of a rule, as that term is defined in section 536.010, that is  
42 created under the authority delegated in this section shall become effective only if it  
43 complies with and is subject to all of the provisions of chapter 536 and, if applicable,  
44 section 536.028. This section and chapter 536 are nonseverable, and if any of the powers  
45 vested with the general assembly pursuant to chapter 536 to review, to delay the effective  
46 date, or to disapprove and annul a rule are subsequently held unconstitutional, then the  
47 grant of rulemaking authority and any rule proposed or adopted after August 28, 2016,  
48 shall be invalid and void.

49 7. Under section 23.253 of the Missouri sunset act:

50 (1) The provisions of the tax credit authorized under this section shall  
51 automatically sunset on December thirty-first six years after the effective date of this  
52 section unless reauthorized by an act of the general assembly;

53           **(2) If such program is reauthorized, the program authorized under this section**  
54 **shall automatically sunset on December thirty- first twelve years after the effective date of**  
55 **the reauthorization of this section; and**

56           **(3) This section shall terminate on September first of the calendar year immediately**  
57 **following the calendar year in which the program authorized under this section is sunset.**

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